

**FIRST AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT
BETWEEN CITY OF LAWNSDALE & STEPHEN N. MANDOKI**

This FIRST AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT BETWEEN CITY OF LAWNSDALE & STEPHEN N. MANDOKI (the "First Amendment") is made and entered into this 19th day of September, 2011, by and between the CITY OF LAWNSDALE, a municipal corporation (herein "City") and STEPHEN N. MANDOKI, an individual (herein "City Manager").

RECITALS

WHEREAS, City and City Manager entered into that certain Agreement entitled "CITY MANAGER EMPLOYMENT AGREEMENT BETWEEN CITY OF LAWNSDALE & STEPHEN N. MANDOKI" (the "Agreement") on or about April 18, 2011; and

WHEREAS, it is the desire of the City and the City Manager desire to amend the Agreement, as set forth in this First Amendment.

AGREEMENT

NOW, THEREFORE, it hereby agreed that the Agreement, as amended, is further amended in the following particulars only:

SECTION 1. Section 5.1 of the Agreement, entitled "Annual Compensation: is replaced to read as follows:

"Upon commencement of this Agreement, City agrees to pay City Manager an annual salary of One Hundred Sixty-Nine Thousand Five Hundred Dollars (\$169,500.00), payable in installments at the same time that the City's Central Management Employees are paid, commencing on the effective date of this Agreement.

In addition, at all times during the term of this Agreement, the salary of City Manager shall be a minimum of five percent (5%) higher than the salary of the next highest paid position in the City, as said second highest paid position may be increased from time to time.

Effective July 1, 2011, City agrees to pay City Manager an annual salary of One Hundred Seventy-Six Thousand Two Hundred Eighty Dollars (\$176,280.00), payable in installments at the same time that the City's Central Management Employees are paid. Effective July 1, 2012, City agrees to pay City Manager an annual salary of One Hundred Eighty-Three Thousand Three Hundred Thirty-Two Dollars (\$183,332.00), payable in installments at the same time that the City's Central Management Employees are paid. Effective July 1, 2013, City agrees to provide the City Manager an annual salary adjustment equal to any salary increase that is provided to the City's Central Management Employees and said adjustment shall be payable in installments at the same time that the City's Central Management Employees are paid."

SECTION 2. Section 7.2(a) of the Agreement is replaced to read as follows:

“City Manager shall receive a Flexible Benefits Contribution per month in the amount of \$1,062.33. If City Manager does not take medical, dental or vision insurance through the program offered by the City, City Manager shall receive \$1,062.33 per month in lieu of the flexible benefits contribution. However, as a condition of receiving such amount, City Manager must provide evidence, satisfactory to the City, that he has medical insurance coverage comparable to coverage available through the City program. As of October 1, 2011, the Flexible Benefits Contribution for the City Manager will be increased to \$1,162.33. As of July 1, 2012, the Flexible Benefits Contribution for the City Manager will be increased to an amount equal to one hundred dollars (\$100) more than the amount approved for Mid-Management Employees. As of July 1, 2013, the Flexible Benefits Contribution for the City Manager will again be increased to an amount equal to one hundred dollars (\$100) more than the amount approved for Mid-Management Employees.”

SECTION 3. Section 8.1 of the Agreement, entitled "PERS" is replaced to read as follows:

“City agrees to pay City Manager's share of all required contributions to CalPERS not to exceed seven percent (7%) of City Manager's salary in effect at the time of the payment (or such greater percentage, if any, as may be accorded to any City employee bargaining unit), calculated with a two percent (2%) at 55 formula. The payments will be reported as being those of the City Manager and credited to his individual account with PERS.

Commencing with the payroll period after the City Council's passage of the Memorandum of Understanding Between The City of Lawndale and Local 1895, Council 36, American Federation of State, County and Municipal Employees, AFL-CIO July 1, 2011 – June 30, 2014, the City shall pay the City Manager share of all required contributions to CalPERS equal to three percent (3%) of the City Manager's base compensation as defined by the Public Employees' Retirement Law, Government Code Section 20000, *et seq.*

Effective September, 2011, City Manager shall pay four percent (4%) of his base compensation as defined by the Public Employees' Retirement Law, Government Code Section 20000, *et seq.* The City will continue to report these payments as being those of the City Manager so that the payments will be credited to the City Manager's individual account with CalPERS.


Effective July 1, 2012, City Manager shall pay an additional three percent (3%) of the entire member contribution, which is currently seven percent (7%) of his base compensation as defined by the Public Employees' Retirement Law, Government Code Section 20000, *et seq.*

SECTION 4. Except as expressly provided for in this First Amendment, all other provisions of the Agreement, as amended, shall remain in full force and effect.

[Signatures on next page.]

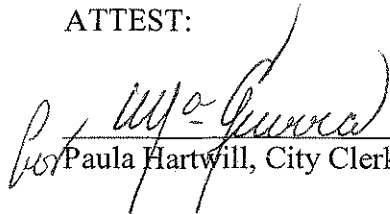
IN WITNESS WHEREOF, the parties have executed and entered into this First Amendment as of the date first written above.

CITY:



Harold E. Hofmann, Mayor

ATTEST:



Paula Hartwill, City Clerk

APPROVED AS TO FORM:
Aleshire & Wynder, LLP



Tiffany J. Israel, City Attorney

CITY MANAGER:
Stephen N. Mandoki



[END OF SIGNATURES]

CITY MANAGER EMPLOYMENT AGREEMENT

BETWEEN

CITY OF LAWNDALE & STEPHEN N. MANDOKI

This City Manager Employment Agreement ("Agreement"), is made and entered into the 18th day of April, 2011 by and between the City of Lawndale of California, a municipal corporation ("City"), and Stephen N. Mandoki ("City Manager").

A G R E E M E N T

1.0 EMPLOYMENT & DUTIES

City hereby agrees to employ Stephen N. Mandoki as City Manager to perform the functions and duties specified in City's Municipal Code and in the Government Code of the State of California, and to perform such other legally permissible and proper duties and functions as the City Council shall, from time to time, direct or assign. The City Manager agrees to work the same schedule as City's Central Management Employees.

2.0 TERM

2.1 Employment Status. City Manager understands and agrees that he is an "at-will" employee serving at the pleasure of City and subject to summary dismissal without any right of notice or hearing, including any *Skelly* hearing. City may terminate the employment of City Manager at any time, with or without cause, upon compliance with the severance provisions set forth in Section 3.0 of this Agreement, upon an affirmative vote of three (3) members of the City Council. City Manager further understands and agrees that City Council retains the right to employ, review, and terminate, through lay-off or otherwise, all employees who are governed by City's resolution regarding Central Management Employees, as the same may be amended from time-to-time.

2.2 Term. The term of this Agreement shall begin on April 25, 2011. This Agreement may be terminated without cause at any time by either party, subject to the requirements of Sections 2.1, 4.0, or 14.0 of the Agreement.

2.3 FLSA Exempt Status. City Manager agrees that his position is that of an exempt employee for the purposes of the Fair Labor Standards Act.

3.0 SEVERANCE

3.1 Severance Pay.

(a) Except as provided in Section 4.0, hereafter, should City elect to terminate or not extend this Agreement, and the services of City Manager there under, City shall, upon the effective date of such termination, pay to City

Manager severance pay in a sum equal to five (5) months ("Severance Period") salary as defined in Section 5.0 hereinafter as and for severance pay; and

(b) City is currently a member of the California Joint Powers Insurance Authority (hereinafter the "CJPIA") which makes available to City Manager an additional six (6) months of compensation and COBRA benefits according to the terms and conditions of the CJPIA'S Special Liability Protection Program. The terms and conditions of the CJPIA's Special Liability Protection Program ("CJPIA Program") may vary from time to time. The terms and conditions of the CJPIA Program, if any, in effect at the time of termination of City Manager's employment will govern. If, at the time of City's termination of City Manager's employment, City is no longer a member of CJPIA, this paragraph shall not apply, and the benefit, if any, available to City Manager under the CJPIA Program shall be determined at the time of City's termination of City Manager, if at all.

3.2 Payment For Accrued Benefits. Except as provided for in Section 9.0, upon the termination of this Agreement, and the services of City Manager thereunder, City shall pay to City Manager the cash equivalent of all vacation and sick leave then accrued. Such cash equivalent shall be calculated by dividing City Manager's then-prevailing annual salary by 2080 hours and by multiplying the resulting quotient by the number of hours accrued (but unused) vacation and/or sick leave, as the case may be.

3.3 Sole Rights. The severance rights provided in this Section 3.0 shall constitute the sole and only entitlement of City Manager in the event of the termination, other than for cause, or non-extension of this Agreement, and the services of City Manager hereunder, and City Manager expressly waives any and all other rights except as provided herein.

4.0 TERMINATION FOR CAUSE

Should City Manager commit any illegal or unethical act involving personal gain to him, gross insubordination, misfeasance, or malfeasance, City may terminate this Agreement, and the services of City Manager thereunder, and shall have no obligation to pay severance as provided for in Section 3.1(a) above.

5.0 SALARY

5.1 Annual Compensation. During the first year of this Agreement, City agrees to pay City Manager an annual salary of One Hundred Sixty-Nine Thousand Five Hundred Dollars (\$169,500.00), payable in installments at the same time that the City's Central Management Employees are paid, commencing on the effective date of this Agreement. In addition, at all times during the term of this Agreement, the salary of City Manager shall be a minimum of five percent (5%) higher than the salary of the next highest paid position in the City, as said second highest paid position may be increased from time to time.

5.2 Annual Salary Review. City and City Manager agree to conduct a salary review, concurrent with the annual performance evaluation set forth in Section 6.1, to consider providing the City Manager with salary and benefits in addition to those amounts and types of compensation set forth herein.

5.3 Effectuating Salary Adjustment. City and City Manager agree that the affirmative vote of three (3) members of the City Council will be required to effectuate an adjustment in the salary paid to City Manager beyond those adjustments already contained herein.

6.0 PERFORMANCE EVALUATION

6.1 Annual Evaluation. The City Council shall undertake an annual review of the performance of City Manager utilizing a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by City and City Manager. The process shall, at a minimum, include the opportunity for both parties to: (1) prepare a written evaluation, (2) meet and discuss the evaluation, and (3) present a written summary of the evaluation results. Any written evaluation should be completed and delivered to City Manager within 30 days of the evaluation meeting.

7.0 HEALTH AND WELLNESS

7.1 Medical Benefits. Medical benefits shall be under the California Public Employees' Retirement System ("CalPERS") medical program.

7.2 Flexible Benefits Plan. The City shall provide a flexible benefit plan as follows:

(a) City Manager shall receive a Flexible Benefits Contribution per month in the amount of \$1,062.33. If City Manager does not take medical, dental or vision insurance through the program offered by the City, City Manager shall receive \$1,062.33 per month in lieu of the flexible benefits contribution. However, as a condition of receiving such amount, City Manager must provide evidence, satisfactory to the City, that he has medical insurance coverage comparable to coverage available through the City program.

(b) The Flexible Benefits contribution consists of discretionary allocations which may be applied to City sponsored programs. Discretionary allocations are to be made in accordance with program/City requirements including restrictions as to the time when changes may be made in allocations to the respective programs. City Manager may allocate any remaining amount of Flexible Benefit among the following City sponsored programs:

- (1) Dependent Insurance
- (2) Additional Life Insurance
- (3) Deferred Compensation
- (4) Section 125 Program

The City shall continue to contribute the full amount of the premium in addition to the Flexible Benefits Plan as follows:

(a) The City shall contribute the full amount of the premium for City Manager for a \$100,000 term life insurance.

(b) The City shall contribute the full amount of the premium for City Manager for Long-Term Disability insurance.

(c) The City shall contribute the full amount of the premium for City Manager for an Employee Assistance Program.

7.3 Section 125 Program. Upon implementation, the Section 125 Program will be in full force and effect unless changed by mutual written agreement of the City and City Manager. The 125 Program shall be administered through a mutually agreed upon vendor provided that the City retains the right to change administrators for cause. Participation in the Section 125 Program is voluntary and such costs as may attend participation are to be paid by the employee.

8.0 RETIREMENT

8.1 PERS. City agrees to pay City Manager's share of all required contributions to CalPERS not to exceed seven percent (7%) of City Manager's salary in effect at the time of the payment (or such greater percentage, if any, as may be accorded to any City employee bargaining unit), calculated with a two percent (2%) at 55 formula. The payments will be reported as being those of the City Manager and credited to his individual account with PERS.

8.2 Deferral Compensation. The City shall make available to the City Manager a deferred compensation program under the International City Management Association Retirement Corporation and Public Employees Benefit Services Corporation's deferred compensation program. Said program shall be for voluntary contributions by the City Manager. The City shall match the City Manager's contribution to this deferred compensation program on a dollar per dollar basis, with a maximum City contribution of \$7,750 per calendar year.

9.0 VACATION, ADMINISTRATIVE, SICK AND OTHER LEAVES

Whenever City Manager will be out of the office for less than four (4) consecutive business days, City Manager shall give advance notice of his absence to the Mayor, stating the reason for the absence, and shall appoint an Acting City Manager to act as the City Manager for the duration of his absence. Whenever City Manager will be out of the office for more than four (4) consecutive business days, City Manager shall give advance notice of his absence to the City Council, stating the reason for the absence, and shall appoint an Acting City Manager to act as the City Manager for the duration of his absence.

9.1 Vacation Leave. Upon the Effective Date of this Agreement as described in Section 2.2, City Manager shall be given eight (8) days of vacation leave which City Manager shall thereafter earn at the rate of ten (10) paid hours per month of employment. After ten (10) months of employment with the City, City Manager will have earned the original 8 days

of vacation and shall thereafter commence to accrue additional vacation leave at the rate of ten (10) paid hours per month of employment during his first through fifth year of employment (120 hours annually). City Manager shall thereafter accrue vacation leave at the rate of 13.3 paid hours per month of employment (159.60 hours annually). City Manager may accrue up to a maximum of four hundred seventy (470) hours of vacation leave. Vacation leave in excess of two hundred forty (240) hours may be converted into cash, up to two hundred forty (240) hours in one fiscal year.

9.2 Sick Leave. City Manager shall accrue sick leave at the rate of ten (10) hours per month (120 hours annually). City Manager may accrue up to a maximum of five hundred seventy-six (576) hours of sick leave. Each fiscal year, City Manager may convert up to sixty (60) hours of sick leave into cash, as long as such conversion will leave City Manager with a minimum balance of forty (40) hours of sick leave in City Manager's leave bank.

9.3 Administrative Leave. City Manager shall be granted eighty-nine (89) hours of Administrative Leave with pay each fiscal year (July 1 – June 30). City Manager shall be allowed to carryover a maximum of two hundred (200) hours of Administrative Leave and floating holiday time per fiscal year. City Manager may cash out up to forty (40) hours of leave per fiscal year.

9.4 Family Leave of Absence. The City will grant City Manager leave in accordance with the provisions of the Family and Medical Leave Act of 1993, P.L. 103, Government Code § 12945.2, and/or Labor Code § 233, as applicable.

9.5 Jury Duty. If City Manager is required to serve as a juror in any court of judicial action of this State or of the United States he shall be entitled to a leave of absence with pay during such period of jury duty. City Manager shall appoint an Acting City Manager to act as the City Manager for those dates of the jury duty. City Manager shall be required to report to work if the jury pool is dismissed and more than three (3) hours remain in his regular scheduled workday. City Manager shall be required to pay over to the City any amount he received for jury duty, exclusive of approved travel and subsistence.

9.6 Witness in Court. If City Manager is subpoenaed to appear as a witness in any court of judicial action of this State or of the United States, or before any administrative board or tribunal, on a matter directly related to his officially assigned duties with the City, he shall be granted leave with pay during the time that he is appearing as a witness. City Manager shall appoint an Acting City Manager for the date on which he is to serve as a witness. City Manager shall be required to pay over to the City any amount received for serving as a witness.

9.7 Emergency/Bereavement Leave. On the death or medical emergency of City Manager's spouse, domestic partner as defined by California law, natural or adopted child, step child, grandchild, brother, sister, parent, grandparent, parent-in-law, brother or sister-in-law, step-parent, step-brother, step-sister, or other relative living in the same household, the employee shall be granted emergency/bereavement leave for a period not to exceed forty (40) hours.

10.0 HOLIDAYS

City Manager shall be entitled to the same holidays granted to other Central Management Employees of City.

11.0 PROFESSIONAL DEVELOPMENT

11.1 Membership. City encourages City Manager's continued professional development and membership and shall provide payment of appropriate related costs for such activities, including membership in the California City Management Foundation and ICMA, as approved by the City Council.

12.0 TRAVEL AND MEETING EXPENSES

12.1 Out-of-Town Meetings & Seminars. City agrees to reimburse City Manager the actual cost for registration, travel, lodging, and meals and other expenses incurred by City Manager while attending overnight out-of-town meetings or seminars related to his employment with City. Moreover, to be eligible to receive reimbursement for meals and lodging for out-of-town meetings or seminars, City Manager must have budgeted funds available for such.

12.2 Local Meetings & Seminars. City agrees to reimburse City Manager the actual cost of registration, meals and other expenses necessarily incurred while in attendance at local meetings or seminars related to his employment with City.

12.3 Incidental Expenses. City agrees to reimburse City Manager the actual cost of those incidental expenses necessarily incurred by City Manager while engaged in the business of City upon the presentation of an appropriate receipt therefore.

12.4 Approval by City Council. To be eligible to receive reimbursement for the memberships, travel and other expenses incurred pursuant to Sections 11.1, 12.1 and/or 12.2 above, City Manager shall obtain advance approval of City Council where practical to do so or, in the event such approval cannot be timely obtained, advance approval from City's Mayor.

12.5 Use of City Pool Vehicles. The City Manager shall not be provided an auto allowance or the exclusive use of a take-home City vehicle. Instead, when necessary to attend meetings, conferences or any other City function in which travel by automobile is required for said purpose, the City Manager, like other City employees, may use a City pool vehicle.

13.0 BONDING

The City shall bear the full cost of any fidelity or other bonds required of the City Manager under any law or ordinance.

14.0 RESIGNATION

In the event that City Manager voluntarily resigns his position with the City, City Manager shall provide a minimum of forty-five (45) days notice unless the parties agree otherwise.

15.0 AMENDMENT OF AGREEMENT

City agrees not to change or amend the terms of this Agreement without three (3) affirmative votes of the City Council to do so and agreement by the City Manager acknowledged.

16.0 MUTUAL CONSENT

City and City Manager agree not to reduce the annual salary or other benefits herein without the mutual consent of the parties hereto.

17.0 INDEMNIFICATION

For the purposes of indemnification and defense of legal actions, City Manager shall be considered an employee of the City and entitled to the same rights and subject to the same obligations as are provided for all other employees of the City as set forth in Sections 825 through 825.6 and Sections 995 through 996.6 of the California Government Code.

18.0 GENERAL PROVISIONS

18.1 Entire Agreement. This Agreement represents the entire agreement between the parties and supersedes any and all other agreement, either oral or in writing, between the parties with respect to the employment of City Manager by City and contains all of the covenants and agreements between the parties with respect to that employment. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by either party, or anyone acting on behalf of either party, which are not embodied herein, and that no other agreement, statement or promises not contained in this Agreement shall be valid or binding upon either party.

18.2 Heirs and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the heirs at law and executors of the City Manager.

18.3 Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

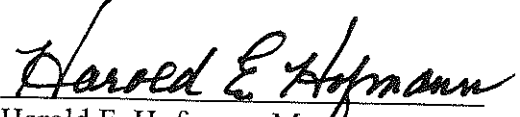
18.4 Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

18.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

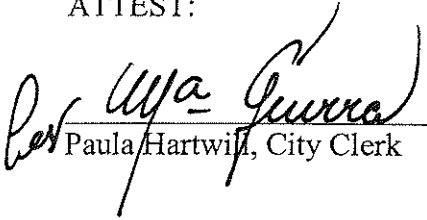
18.6 Independent Legal Advice. City and City Manager represent and warrant to each other that each has received legal advice from independent and separate legal counsel with respect to the legal effect of this Agreement and, City and City Manager further represent and warrant that each has carefully reviewed this entire Agreement and that each and every term thereof is understood and that the terms of this Agreement are contractual and not a mere recital. This Agreement shall not be construed against the party or its representative who drafted it, or who drafted any portion thereof.

IN WITNESS WHEREOF, the City has caused this Agreement to be signed and executed on its behalf by its Mayor, and duly attested by its officers thereunto duly authorized, and the City Manager has signed and executed this Agreement, both in duplicate.

CITY OF LAWNSDALE


Harold E. Hofmann, Mayor

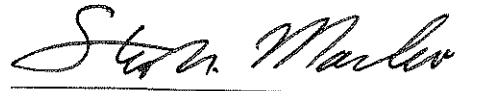
ATTEST:


Paula Hartwill, City Clerk

APPROVED AS TO FORM:


Tiffany J. Israel, City Attorney

CITY MANAGER


Stephen N. Mandoki